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THE *Fats and Oils* SITUATION

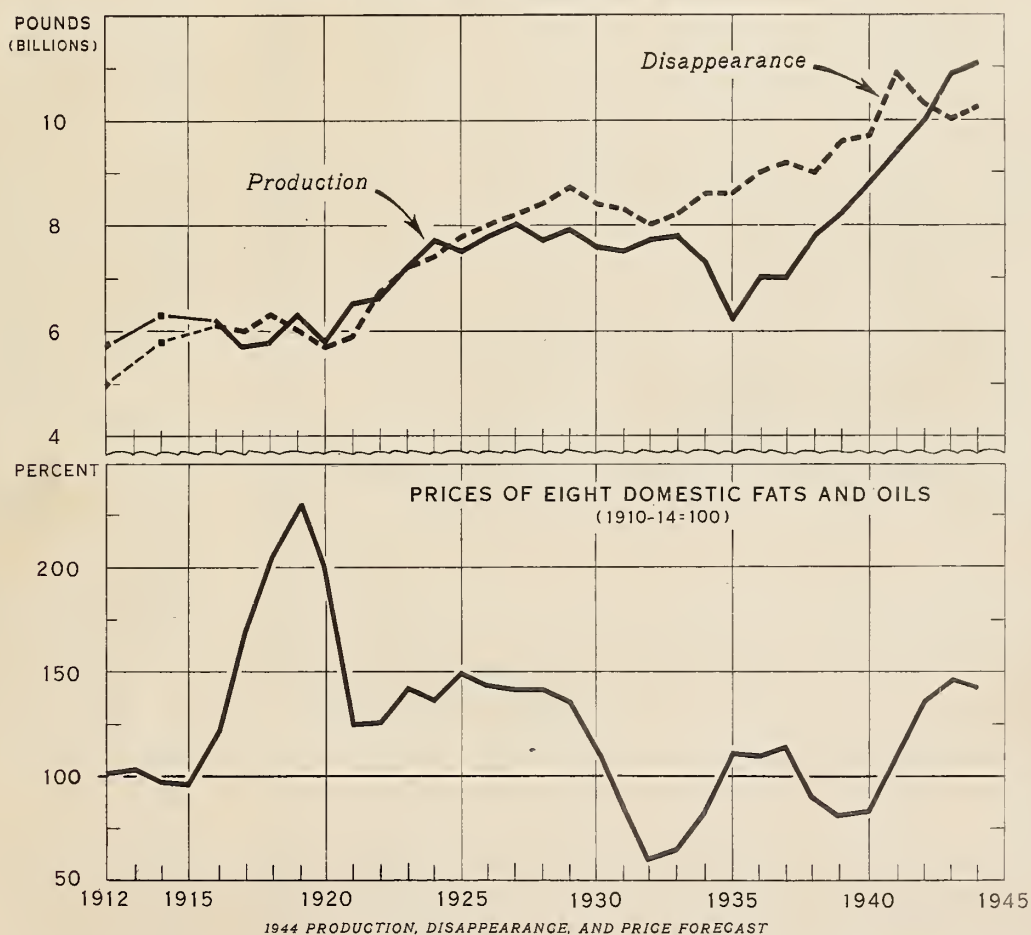
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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OCTOBER 1944

FATS AND OILS: PRODUCTION FROM DOMESTIC MATERIALS, APPARENT DOMESTIC DISAPPEARANCE, AND INDEX NUMBERS OF WHOLESALE PRICES, 1912-44



U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

Prices of most fats and oils were at or near ceiling levels throughout 1944, the only major exception being a reduction in lard prices from May to early August. In 1945, most fats and oils prices probably will continue at or near the maximums. Demand for fats and oils will be strong and supplies are expected to be smaller than in 1944. Production from domestic materials in 1945 may total about 10 billion pounds compared with approximately 11 billion pounds in 1944.

Table 1.- Wholesale price per pound of fats and oils at specified markets, and index numbers of prices, September 1942 and 1943, July-September 1944

Item	PRICES				
	September		1944		
	1942	1943	July	August	September
	Cents	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	1/43.2	41.8	41.5	41.5	41.5
Butter, 92-score, New York	1/43.9	42.5	42.2	42.2	42.2
Oleomargarine, dom. veg., Chicago	19.0	19.0	19.0	19.0	19.0
Compounds (animal and veg. cooking fats), Chicago	17.0	17.0	17.0	17.0	17.0
Lard, loose, Chicago	11.9	12.8	11.5	12.4	12.8
Lard, prime steam, tierces, Chicago	12.9	13.8	13.0	13.4	13.8
Lard, refined, cartons, Chicago	14.5	15.6	15.6	15.6	15.6
Oleo oil, No. 1, barrels, New York	13.2	13.8	13.8	13.8	13.8
Oleostearine, bbl., N. Y.	10.5	10.5	10.5	10.5	10.5
Tallow, edible, Chicago	9.9	9.9	9.9	9.9	9.9
Corn oil, crude, tanks, f.o.b. mills	12.8	12.8	12.8	12.8	12.8
Corn oil, refined, bbl., N. Y.	15.5	15.5	---	---	---
Cottonseed oil, crude, tanks, f.o.b. S.E. mills	12.8	12.8	12.8	12.8	12.8
Cottonseed oil, p.s.y., tank cars, N. Y.	13.6	14.0	14.3	14.3	14.3
Peanut oil, crude, tanks, f.o.b. mills	13.0	13.0	13.0	13.0	13.0
Peanut oil, refined, edible (white), drums, N. Y.	16.6	16.3	16.5	16.5	16.5
Soybean oil, crude, tank cars, midwestern mills	11.7	11.8	11.8	11.8	11.8
Soybean oil, edible, drums, l.c.l., N. Y.	---	15.0	15.2	15.2	15.2
Coconut oil, Manila, crude, bulk, c.i.f. Pacific Coast 2/	11.0	11.0	11.0	11.0	11.0
Coconut oil, Manila, crude, bulk, c.i.f. N. Y. 2/	11.4	11.4	11.4	11.4	11.4
Coconut oil, Manila, refined, edible, tank cars, f.o.b. N.Y. 2/ 3/ ..	12.8	12.8	12.8	12.8	12.8
Olive oil, California, edible, drums, N. Y.	55.7	62.7	60.7	60.7	60.7
Palm oil, Niger, crude drums, N. Y. 2/	4/11.6	4/11.6	11.6	11.6	11.6
Rape oil, refined, denatured, bulk, c.i.f., N. Y.	16.0	16.0	16.0	16.0	16.0
Sunflower oil, semi-refined, tank cars, f.o.b. N. Y.	14.3	14.3	14.3	14.3	14.3
Tallow, No. 1, inedible, Chicago	8.4	8.4	8.4	8.4	8.4
Grease, A. White, Chicago	8.8	8.8	8.8	8.8	8.8
Menhaden oil, crude, tanks, f.o.b. Baltimore	8.8	8.9	8.7	8.7	8.9
Sardine oil, crude, tanks, Pacific Coast	8.9	8.9	8.9	8.9	8.9
Whale oil, refined, bleached winter, drums, N. Y.	11.1	12.3	12.3	12.3	12.3
Linseed oil, raw, tank cars, Minneapolis	12.2	14.5	14.3	14.3	14.3
Linseed oil, raw, drums, carlots, N. Y.	5/13.0	15.3	15.1	15.1	15.1
Oiticica oil, tank cars, f.o.b. N. Y.	25.0	25.0	19.0	---	---
Tung oil, drums, N. Y.	39.0	39.0	39.0	39.0	39.0
Castor oil, No. 3 bbl., N. Y.	13.8	13.8	13.8	13.8	13.8
Castor oil, No. 1, tanks, N. Y.	13.0	13.0	13.0	13.0	13.0
Castor oil, dehydrated, tanks, N. Y.	17.7	17.7	17.7	17.7	17.7
Cod-liver oil, med. U.S.P. bbl., N. Y.	36.4	36.5	31.6	31.6	31.4
Cod oil, Newfoundland, drums, N. Y.	12.0	12.0	11.7	11.7	11.7

INDEX NUMBERS (1924-29 = 100)

Eight domestic fats and oils (1910-14 = 100)	143	142	141	142	142
Eight domestic fats and oils	101	101	100	100	101
All fats and oils (27 items)	107	108	107	107	108
Grouped by origin:					
Animal fats	99	96	95	95	96
Marine animal oils	127	132	131	131	132
Vegetable oils, domestic	126	132	134	134	134
Vegetable oils, foreign	145	157	156	156	156
Grouped by use:					
Butter	98	93	93	93	93
Butter, seasonally adjusted	97	92	101	96	92
Lard	98	105	99	102	105
Other food fats	132	139	141	141	141
All food fats	104	103	102	103	103
Soap fats	119	120	120	120	120
Drying oils	134	150	149	149	149
Miscellaneous oils	117	117	116	116	116
All industrial fats and oils	124	132	131	131	131

Prices compiled from Oil, Paint and Drug Reporter, The National Provisioner, The Journal of Commerce (New York), and reports of the War Food Administration and Bureau of Labor Statistics. Prices quoted include excise taxes and duties where applicable. Index numbers for earlier years beginning 1910 are given in Technical Bulletin No. 737 (1940) and The Fats and Oils Situation beginning December 1940.

1/ Reflects open market sales only. Current figures refer to all types of wholesale trading for cash or short-time credit. 2/ Three-cent processing tax added to price as originally quoted. 3/ Quoted in drums. 4/ Revised. 5/ Converted to present basis of quotation.

THE FATS AND OILS SITUATION

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Summary

In view of the tight world supply situation, prices of fats and oils in the United States probably will remain at or near ceilings during 1945. In the following year or two, the major factors that would bring a decline in world prices of fats and oils would be the reopening of Far Eastern oilcrop-producing areas to world trade and an increase in whale oil production. A decline in world prices or a decline in business activity would exert downward pressure on prices of fats and oils in the United States, but these prices will also depend on Government price-supporting programs.

Price-supporting commitments under present legislation extend to soybeans, flaxseed, and peanuts at not less than 90 percent of the parity or "comparable" price during the war and for at least 2 years after. In 1944, wholesale prices of fats and oils in the United States remained at or near ceilings, except for lard from May to early August and certain industrial oils during the latter half of the year.

United States production of fats and oils from domestic materials in the 1943-44 crop year, at about 11.2 billion pounds, was the highest on record. It was approximately 3 billion pounds over the 1937-41 average. Reflecting the record 1943 pig crop, lard output in 1943-44 advanced to a new high level of nearly 3.5 billion pounds. Output of inedible tallow and greases, soybean oil, and linseed oil also reached new peaks.

Total output of fats and oils from domestic materials in 1944-45 probably will decline to about 10 billion pounds. With the 1944 pig crop 25 to 30 percent smaller than a year earlier, production of lard and rendered pork fat may decline about 1 billion pounds to around 2.5 billion pounds. Output of inedible tallow and greases may decline materially from the 1,950 million pounds produced in 1943-44. Production of linseed oil also will be reduced, but probably not to the extent indicated by the 50 percent drop in production of flaxseed in 1944. The carry-over of flaxseed on July 1, 1944 was exceptionally large.

The total supply of fats and oils in the United States in the current crop year may be about 700 million pounds less than a year earlier, depending partly on imports. Stocks of fats and oils, which increased roughly 450 million pounds from October 1, 1943 to October 1, 1944, are expected to decline materially during 1944-45.

World demand for fats and oils in 1945 probably will continue strong. European import demand for fats and oils is increasing rapidly. The pre-war level of net imports into Europe, excluding the United Kingdom and Russia, was about 4.5 billion pounds annually (including whale oil and oil-bearing materials in terms of oil), of which approximately 2 billion pounds went to France, Belgium, Holland, and Italy. These levels of imports probably will not be reached in 1945, however.

No major increase in world export supplies can be expected until the Far Eastern sources of coconut, palm, soybean, and tung oils are again open to the Western nations. The pre-war level of net exports of fats and oils from areas now controlled by Japan and from the Philippines was about 3-1/3 billion pounds annually.

--- October 30, 1944

OUTLOOK IN 1945 AND AFTER

BACKGROUND.— Rapid extension of Japanese control over most of the Southwest Pacific area in early 1942 deprived the United States of imported oils and fats amounting to about 1 billion pounds annually, approximately half of our total imported supply. Our Allies also were cut off by Axis aggression from former sources of supply, and turned to the United States for greatly increased quantities of fats and oils under lend-lease arrangements. At the same time, domestic demand for fats and oils increased. Thus the fats and oils situation in the United States was transformed in early 1942 to one of critical supply.

Increased production of soybeans, flaxseed, and peanuts was encouraged in 1942, 1943, and 1944 by the announcement of goals and by relatively high support prices. An increase in hog production also was fostered. With ample stocks of feed grains available, farmers were able to make large increases in their 1942 and 1943 pig crops. Oilseed acreages were greatly expanded in 1942 and 1943, largely by reducing acreage in pasture or idle land. These increases resulted in a record output of

fats and oils in the 1943-44 crop year, amounting to about 11.2 billion pounds, 37 percent over the pre-war (1937-41) average of 8.2 billion pounds. The chief increases were in lard (1.4 billion pounds) and soybean oil (0.7 billion pounds).

The 1943-44 level probably will be the peak for several years in domestic production of fats and oils. Reserve stocks of corn and other feed grains were depleted by early 1944, and a tight feed supply situation developed in the winter and spring of that year. Farmers reduced their 1944 pig crop by 25 to 30 percent. Also, smaller acreages of oilseeds were planted in the spring of 1944 than a year earlier, largely because of favorable prices for grains, a scarcer labor supply in the South, and a desire on the part of farmers to return to more nearly normal crop rotations. Flaxseed acreage was reduced nearly 50 percent. As a result of the reductions in hog production and crop acreage in 1944, a decline of about 1.25 billion pounds is anticipated in the 1944-45 output of fats and oils, to a level of about 10 billion pounds.

Available World Supplies to Increase

During the next several years, world supplies of fats and oils will be augmented by resumption of exports from the Far East, which in pre-war years averaged about 3-1/3 billion pounds (net) annually. Expansion of whaling activities in the Antarctic to the pre-war level would add another billion pounds annually to world supplies. Additional supplies of oilseeds in Argentina will be available when more fuel can be shipped to that area. The 1934-38 average of net exports from surplus-producing areas was approximately as follows:

	Billion pounds
Manchuria, Chosen, and China (mainly soybeans and soybean oil, tung oil, and peanuts and peanut oil)	1.3
Philippines (chiefly copra and coconut oil)	.8
Dutch East Indies (mainly copra and palm oil)	1.2
Malaya (mainly copra and palm oil)	.2
British and Japanese islands in Southwestern Pacific (copra)	.2
Total, Far East	<u>1/3.7</u>
Antarctic (whale oil)	1.0
Africa (chiefly peanuts, palm kernels, palm oil and cottonseed)	2.1
South America (mainly, flaxseed, tallow, castor beans)..	1.6
Australia-New Zealand (butter and tallow)	.6
India and Ceylon (principally peanuts, flaxseed, and copra)	.9
Other	<u>.1</u>
Total, other than Far East	<u>6.3</u>
Grand total	10.0

1/ Includes approximately 400 million pounds exported to Japan, Burma, Thailand, and Indo-China.

World Demand to Increase with Resumption
of European Imports

The principal new factor in world demand for fats and oils is the renewal of import demand by the countries of continental Europe. This will more than offset any reduction in Russian requirements resulting from recovery of the Ukraine and other oilseed-producing regions. Pre-war imports of fats and oils into continental Europe, exclusive of Russia, averaged about 4.5 billion pounds annually (including whale oil and the oil content of oil-bearing materials), of which approximately 2 billion pounds went to France, Belgium, Holland, and Italy.

Peak demand for fats and oils to be supplied from the United States may be reached in 1945. By 1946 world supplies may be materially increased by exports from the Far East, by expanded production of whale oil, and by greater availability of supplies in South America.

The post-war outlook for fats and oils produced in the United States includes the probability of a continued upward trend in domestic civilian consumption. Over the decade from the late 1920's to the late 1930's there was an increase of 1.3 billion pounds in the annual disappearance of fats and oils in the United States. If economic activity is at a fairly high level in the late 1940's, domestic disappearance of fats and oils may increase another 1 to 1.5 billion pounds over 1939, to 10.5 or 11 billion pounds at prices somewhat higher than in 1939.

Domestic Production and Supply
Down in 1944-45

Principal declines in 1944-45, in output of fats and oils from domestic materials will be in lard, grease, and linseed oil. With the 1944 pig crop 25 to 30 percent smaller than a year earlier, production of lard and rendered pork fat may decline from 3.5 billion pounds in 1943-44 to about 2.5 billion pounds in 1944-45. Output of greases will decline materially, but this may be partly offset by an increase in production of inedible tallow. Production of linseed oil probably will not be reduced to the extent indicated by the 50 percent drop in production of flaxseed in 1944 and by the uncertain outlook for imports of flaxseed. The carry-over of flaxseed on July 1, 1944, was exceptionally large. Nevertheless, demand for linseed oil probably will continue strong, and stocks of oil will be severely reduced by mid-1945.

On the basis of October 1 crop indications, production of cottonseed, soybean, peanut, and corn oils may be slightly larger in 1944-45 than the 2.8 billion pounds produced a year earlier. Butter output, on the other hand, may be somewhat smaller than in 1943-44.

The total supply of fats and oils in the United States may be about 700 million pounds less than a year earlier, depending partly on imports. Stocks of fats and oils, which increased about 450 million pounds from October 1, 1943, to October 1, 1944, are expected to decline materially during 1945.

Domestic Use of Fats Somewhat Increased
in 1944; May Decline in 1945

Disappearance of fats and oils in the United States in 1944, for civilian and military consumption, is estimated at 10-1/4 billion pounds, 1/4 billion pounds more than a year earlier. The rise in 1944 was due largely to increased use of fats and oils in soap, mainly to meet expanded military and industrial requirements. Disappearance of food fats declined about 150 million pounds in 1944, with the reduction mainly in cooking and salad oils and in shortening.

Domestic demand for fat and oil products was strong throughout 1944. But civilian use was limited by short supplies and Government restrictions. The most important of the Government restrictions is War Food Order 42, which establishes manufacturers' quotas for the use of fats and oils in margarine, shortening and edible oils, soap, paint, linoleum, and oilcloth for civilians. The chief effect of rationing of food fats, in effect since March 1943, has been to distribute available supplies more equitably among the population. Wholesale prices of most fats and oils were at or near ceiling levels throughout 1944. The only major exception was a reduction of lard prices in May, June, July, and early August, when storage facilities suitable for lard were filled to capacity.

Domestic demand for fats and oils in 1945 probably will continue relatively strong. With a reduced total supply of fats and oils in the United States, however, and with exports likely to remain well above the pre-war level, the supply of fats and oils for domestic consumption may be slightly smaller than in 1944.

Indicated Civilian Food Fat Consumption
Down in 1944; Further Reduction
Expected in 1945

Disappearance of food fats for civilian consumption in 1944 apparently will total about 44.5 pounds per capita, approximately 1 pound less than a year earlier and 3.5 pounds less than the 1935-39 average. The decline in 1944 occurred despite the removal or temporary suspension in the spring of the year of restrictions on civilian use of lard, and despite a reduction in ration-point values of shortening and cooking and salad oils to zero, effective April 1. Home recovery of fats from meat and efficiency of utilization of cooking fats in homes, bakeries, and restaurants probably has increased as a result of rationing and occasional scarcities of these fats in 1943. Also, actual consumption in 1944 may have included quantities drawn from distributors' and consumers' inventories on hand at the beginning of the year. Changes in these inventories are not reflected in estimates of disappearance, which mainly indicate movement from factories and commercial warehouses.

Civilian supplies of butter in 1944 amounted to about 12 pounds per capita, the same as a year earlier but over 4.5 pounds less than in 1935-39. Butter production in the first 9 months of 1944 was about 12 percent smaller than a year earlier, but Government purchases for military and export requirements were materially less than in 1943. Civilian supplies of butter were larger in the first half of 1944 than a year earlier, but smaller in the second half. In 1945, total supplies of butter are expected to be somewhat less than in 1944, and supplies for civilians may be reduced. Disappearance

of margarine into civilian trade channels in 1944 apparently will total about 3.9 pounds per capita (actual weight), unchanged from 1943. A slight increase may occur in 1945 if consumption of butter is reduced.

Use of lard by civilians in 1944, excluding use in manufactured products, apparently will amount to about 14 pounds per capita, 0.5 pound less than a year earlier. Output was about 200 million pounds larger than in 1943 and was the largest for any calendar year on record. But the effect of this increase on civilian supplies was more than offset by a rise in the use of lard in soap, increased Government purchases for lend-lease export, and expanded commercial exports. With usual types of storage space for lard filled by the early spring of 1944 and with output continuing high, large quantities of lard were acquired by the Government and stored in unusual places, notably in ordinary dry storage in drums with lecithin added. Commercial stocks remained comparatively small, however. In the second half of 1944 lard output dropped considerably below the level of a year earlier. With production substantially reduced, a tight situation in lard may develop in 1945 if export continue large.

Disappearance of shortening usually increases in years when lard consumption decreases. In 1944, however, civilian disappearance of shortening declined to an estimated 9.2 pounds per capita compared with 9.6 pounds a year earlier. There also was a slight reduction in civilian takings of salad and cooking oils. These declines largely reflected tightened Government controls in 1944 over the use of fats and oils in the manufacture of these products, accompanied by increased efficiency in consumer use. No marked scarcity of shortening or oils developed in the first 9 months of the year despite the reduced supply available. In 1945, little change in civilian supplies of these products is likely unless requirements should develop for exports of oilseeds to Europe. Stocks of cottonseed, soybean, and other edible primary oils, as well as lard, probably will be smaller by mid-1945 than a year earlier.

Table 2.- Food fats: Estimated disappearance for consumption by civilians, per capita, average 1935-39, annual 1943 and 1944

Year	Butter	Margarine	Lard	Shortening	Oils	Total 1/	
	Actual weight	Fat content					
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	
Average							
1935-39	16.7	2.9	2.3	11.0	11.7	6.3	48.0
1943	11.9	3.9	3.2	14.5	9.6	6.4	45.6
1944	12.0	3.9	3.2	14.0	9.2	6.0	44.5

1/ Includes actual weight of butter, fat content of margarine. Totals computed from unrounded numbers.

Minimum Post-War Price Supports Would
Maintain Flaxseed and Peanuts at
Relatively High Levels

Prices of domestic oilcrops in 1944-45 are being supported at levels announced early in 1944. The price received by farmers for soybeans will

average about \$2.05 per bushel this season, 24 cents higher than last season and 26 percent above the present "comparable" price for soybeans. Flaxseed will average close to \$2.90 per bushel, about 5 cents over last season and slightly above parity. Peanuts will average about 8 cents per pound in 1944-45, nearly 1 cent more than in 1943-44 and close to parity.

Price supporting commitments under present legislation extend to soybeans, flaxseed, and peanuts at not less than 90 percent of the parity or "comparable" price for at least 2 years after the war. ^{1/} Supports at such levels would permit a considerably greater decline in soybean prices than in flaxseed or peanut prices. But the ratio between minimum support levels for soybeans and corn (at 90 percent of parity) would be slightly more favorable for soybeans than the average ratio of prices received by farmers for these crops in 1935-39. The flaxseed-wheat price ratio would be slightly less favorable to flaxseed than in the pre-war period. The peanut-cotton price ratio (with cotton prices supported at 92.5 percent of parity) would be more favorable for peanuts than pre-war.

Table 3.- Season average prices received by farmers for specified oilseeds, with comparative data, 1935-43

Period and year	Soybeans			Flaxseed			Peanuts (farmers' stock)		
	Price per bushel	Per-centage of "comparable" price	Per-centage of price per bushel of corn	Price per bushel	Per-centage of parity price	Per-centage of price per bushel of wheat	Price per pound	Per-centage of parity price	Per-centage of price per pound of cotton
	Dollars	Percent	Percent	Dollars	Percent	Percent	Cents	Percent	Percent
Average									
1935-39	.87	75	136	1.65	79	209	3.37	57	34
1940	.90	85	146	1.42	70	208	3.33	59	34
1941	1.55	115	206	1.79	82	189	4.66	77	27
1942	1.61	103	176	2.36	96	215	6.05	86	32
1943 ^{1/}	1.81	116	161	2.84	101	214	7.11	92	36
1944	2/ 2.05	3/ 126	---	2/ 2.89	3/ 101	---	2/ 8.0	3/ 98	---
Min. post-war support:	---	90	150	---	90	190	---	90	4/ 38

^{1/} Preliminary.

^{2/} Forecast on the basis of support and ceiling prices.

^{3/} Ratio to parity or comparable price on Sept. 15.

^{4/} Ratio with cotton price computed at 92.5 percent of parity for cotton.

^{1/} Sections 8 and 9 of the Stabilization Act of 1942 (Public Law 729, 77th Congress), as amended, provide for these supports "until the expiration of the two-year period beginning with the first day of January following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated."

Special factors will affect prices of the various oilcrops differently in the next few years. Manchuria may be among the last surplus oil-producing areas to be reopened to world trade. As Manchuria was the only important producer of soybeans for export in most pre-war years, world demand for soybeans may focus for a time on the United States.

Under normal trade conditions, Argentine flaxseed probably will compete again with domestic flaxseed as in pre-war years. The duty on imported flaxseed is now 32.5 cents per bushel. After the war emergency the duty will be 50 cents, according to the trade agreement with Argentina concluded in 1941. From 1930 to November 15, 1941 the duty on flaxseed was 65 cents per bushel. In the post war period competition from Argentina flaxseed probably will result in reduction in domestic flaxseed prices to the support level. There may be a stronger demand for drying-oil products after the war than before, however, both in the United States and abroad. This may keep demand for U. S.-produced flaxseed somewhat stronger than it was before the war.

Domestic demand for peanut butter, shelled peanuts, and peanut candy is expected to recede after the war, but not to the pre-war level. There was an upward trend in demand for peanut products in the 20-year period before the war, and this trend probably will continue. Peanut acreage and production after the war is expected to remain well above the pre-war level, especially with prices supported at 90 percent of parity. Peanut prices averaged 57 percent of parity in the years 1935-39.

RECENT DEVELOPMENTS

Production and Stocks of Fats and Oils Reduced in August

Production and stocks of fats and oils declined substantially in August (tables 5 and 6). Total factory production of primary fats and oils, at 717 million pounds, was 51 million pounds less than in July. Factory and warehouse stocks of primary fats and oils at the end of August totaled 2,460 million pounds, 178 million pounds less than at the beginning. The largest reduction, both in production and stocks, was in lard and rendered pork fat.

After allowance for seasonal variation, production is declining from the peak of early 1944. In August, output of all the major fats and oils except linseed oil and inedible tallow and greases was smaller than a year earlier. Total factory output was 21 million pounds less than a year earlier. Stocks also are declining in relation to last year's level. On June 30 this year, total factory and warehouse stocks were 719 million pounds larger than a year earlier; on July 31 they were 646 million pounds larger; and on August 31, they were 526 million pounds larger. The principal reductions in stocks during August this year were in cottonseed oil (63 million pounds), lard and rendered pork fat (56 million pounds), soybean oil (32 million pounds), and inedible tallow and greases (28 million pounds).

WFA Purchases of Fats and Oils at a Low Level in September

Purchases of fats and oils by the War Food Administration in September totaled about 22 million pounds (including margarine and soap in terms of fat content). This was the smallest total since December 1941. Included

were 11 million pounds of lard and rendered pork fat, 7 million pounds of soybean oil, 2 million pounds of butter, and small quantities of shortening, soap, and margarine. Military contracts for soap have been substantially increased in recent months.

Lard purchases were increased in early October. The total for the first 3 weeks of October was about 32 million pounds.

Table 4.- Purchases of fats and oils by the War Food Administration, 1942-44

Item	1944					
	1941	1942	1943	Aug.	Sept.	Jan. - Sept.
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Butter	1/	34	120	3	2	102
Lard and rendered pork fat...	326	654	882	3	11	752
Other animal fats and oils 2/	2	30	61	1/	1/	2
Linseed oil	---	70	391	41	---	212
Soybean oil	---	17	22	47	7	100
Other vegetable oils	---	82	49	---	1/	1
Shortening	---	46	62	---	1	4
Margarine (fat content) 3/ ..	1	77	72	---	1/	57
Soap (fat content) 3/	---	16	23	1	1	7
Total fat equivalent	329	1,026	1,682	95	22	1,237

Compiled from reports of the War Food Administration.

1/ Less than 500,000 pounds. 2/ Includes fish-liver and fish oils. 3/ Fat content estimated at 80 percent for margarine; 55 percent for soap.

Most Fats and Oils Prices

Continue at Ceilings

Prices of fats and oils in late September and early October showed little change from a month earlier. Lard prices have remained at ceilings since their return to the maximum levels in mid-August. Prices of brown grease remain slightly under ceilings. Sardine and menhaden oils were sold in October, as a month earlier, at moderate discounts under ceilings. Sales of crude menhaden oil were reported in mid-October at 8.25 cents per pound, f.o.b. plant, Chesapeake Bay area, compared with the ceiling of 8.9 cents per pound. On the Pacific Coast, a large volume of crude sardine oil in tank cars was sold at 62 cents per gallon (equivalent to about 8.3 cents per pound) compared with the ceiling of 66.75 cents per gallon. Prices of oiticica oil continue under ceilings. All other fats and oils, however, are at or near the maximums. The index number of wholesale prices of 27 major fats and oils in September was 108 percent of the 1924-29 average, compared with 107 percent a month earlier and 108 percent a year earlier. The average price of lard in September was slightly higher than in August.

Soybean prices to farmers in mid-September averaged \$1.93 per bushel, 3 cents per bushel higher than a month earlier. This increase apparently reflected sales of some new-crop soybeans at the new support prices. The average mid-September price to farmers for peanuts, 7.51 cents per pound

compared with 7.64 cents per pound a month earlier, was affected by low prices in south Texas, where a considerable volume of farmers' stock peanuts was sold to crushers because of poor quality. Cottonseed prices received by farmers in mid-September averaged \$52.30 per ton compared with \$53.20 a month earlier. Prices for flaxseed, at \$2.89 per bushel, were slightly higher than in mid-August.

GOVERNMENT ACTIONS

Manufacturers' Use Limitation Order

Reissued: Fish Oil Exempted
from Quota Restrictions

War Food Order 42, limiting manufacturers' use of fats and oils in specified products, was amended effective September 30 to apply to edible products only. At the same time, War Food Orders 42a and 42b were issued to cover the remaining products formerly included under the provisions of WFO 42. WFO 42a applies to paints, varnishes, lacquers, other protective coatings, linoleum, felt-base floor coverings, oilcloth, and coated fabrics other than oilcloth. WFO 42b applies to soap and products containing soap.

The principal changes made by the new order are as follows:

(1) All three orders allow the use of fish oil without restriction until April 1, 1945; manufacturers will not be required to charge use of fish oil against their quarterly quotas for total use of fats and oils. A manufacturer who elects to take advantage of this provision, however, must deduct the quantity of fish oil he included in determining total base period use of fats and oils.

(2) WFO 42a and WFO 42b allow a manufacturer to use 10,000 additional pounds of fats and oils after his quarterly quota is exhausted. Any unused portion of the 10,000-pound extra allowance, however, may not be carried over to the next quarter.

(3) Only 50 percent of the vegetable oil foots used in products covered by WFO 42a and WFO 42b need be charged against quota use. A similar provision is continued in effect for washed recovered linseed oil.

(4) Quota users of fats and oils are now required to report quarterly consumption directly to the War Food Administration. All manufacturers who use fats and oils in products covered by WFO 42, WFO 42a, or 42b and who use more than 15,000 pounds quarterly must report production, consumption and stocks to the Bureau of the Census. This requirement formerly applied to users of more than 6,000 pounds per quarter.

(5) WFO 42a exempts from quota restrictions any use of fats and oils in protective coatings to be applied by the maker of certain new farm machinery.

(6) WFO 42b exempts use of fats and oils in abrasive hand soap (mechanics' soap) from quota restrictions.

Amendment 2 to War Food Order 42-1, effective September 30, requires manufacturers of most fat and oil products not covered by WFO 42, 42a, or 42b to report to the Bureau of the Census in accordance with the same provisions as those which apply to manufacturers subject to WFO 42, 42a, or

42b. Some of the more important products and industries listed by the amendment are lubricants and greases, core oils, synthetic rubber and related industries, fat splitters, fat pressers, and tin andterne plating.

Oilseed Meal Price Regulations
Reissued

Ceiling prices for oilseed cakes and meals are now determined under Food Products Regulation 3, issued September 16, and its supplements. These replace Maximum Price Regulations formerly in effect for oilseed cake and meal prices.

Product	New regulation	Regulation replaced	Date, 1944
Cottonseed cake and meal, hulls, and hull bran	FPR 3, Supp. 1	RMPR 4444	September 21
Babassu, copra, ouricuri, palm kernel, and sesame cake and meal	FPR 3, Supp. 2	RMPR 545	September 21
Soybean cake and meal	FPR 3, Supp. 3	RMPR 443	October 2
Linseed cake and meal	FPR 3, Supp. 5	RMPR 370	October 19
Peanut cake and meal	FPR 3, Supp. 7	RMPR 442	October 28

Substantially the same provisions with regard to processors' maximum prices are contained in the new regulations as in the old. The principal changes and new provisions are as follows:

(1) A maximum price of \$45 per ton, bulk, carlots, f.o.b. Decatur, Illinois, was established for soybean "extraction method" meal, 44 percent protein content. This is the same ceiling as for 41-percent meal of other types.

(2) A maximum price was established for byproducts from the manufacture of soy flour and grits. This ceiling is \$30 per ton, bulk, carlots, Decatur, Illinois.

(3) The minimum protein content guarantee for linseed cake or meal was reduced from 34 percent to 32 percent, because of a decline in protein content of flaxseed harvested this season. The maximum price per ton for bulk linseed meal, carlots, f.o.b. plant, Minneapolis, remains at \$42 per ton.

(4) A ceiling price of \$30 per ton, bulk, Minneapolis, was established for linseed feed and flaxseed screenings oil-feed, 30 percent protein content. These feeds may not contain more than 30 percent protein.

CCC Empowered to Reserve Peanuts
for Armed Forces

The Commodity Credit Corporation was empowered by Amendment 2 to WFO 100, issued October 17, to establish necessary restrictions and other regulations on the disposition of Virginia type shelled peanuts to assure fulfillment of requirements of the armed forces for such peanuts.

Recent Suspensions and Terminations

Suspension of inventory limitations on inedible tallow and grease under War Food Order 67 was continued until April 1, 1945, by a supplementary order issued October 16, 1944. This suspension has been in effect since May.

War Food Order 38, restricting inventories and uses of palm oil, was terminated on October 23. Users of palm oil for essential purposes will be able to buy adequate supplies of this oil from Government agencies. Government import purchases, together with present Government inventories, will be sufficient to meet requirements for essential uses of palm oil.

War Food Order 27 (originally CCC Order 6), limiting inventories and uses of soybeans produced in 1943 was revoked October 11. Inventories and utilization of 1944-crop soybeans are restricted by WFO 110.

Table 5.- Factory production of fats and oils, August 1942 and 1943, June to August 1944, and indicated crop-year production from domestic materials, 1940-43.

Item	August		1944		
	1942	1943	June	July	August
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
<u>Food fats and oils</u>					
Creamery butter.....	168.2	151.0	177.9	153.7	130.5
Insol. lard and rendered pork fat.....	106.7	165.4	231.9	188.9	153.2
Oleo oil, edible animal stearine, and edible tallow.....	26.1	23.1	13.7	12.3	14.5
Total, edible animal fats.....	301.0	339.5	423.5	354.9	298.2
Corn oil	21.0	19.5	16.6	16.2	17.9
Cottonseed oil	29.4	40.1	22.5	18.0	29.8
Peanut oil	5.6	13.6	8.9	6.1	8.1
Soybean oil	57.4	91.2	96.3	96.4	97.2
Total, edible vegetable oils.....	113.4	164.4	144.3	136.7	153.0
<u>Soap fats and oils</u>					
Tallow, inedible	78.4	68.5	80.9	73.2	80.4
Greases, excluding wool grease.....	40.1	46.6	57.5	50.8	50.8
Fish oil	27.1	23.3	12.0	22.6	23.6
Coconut oil	9.0	11.4	17.7	8.3	1/
Total	154.6	149.8	168.1	154.9	154.8
<u>Drying and miscellaneous oils</u>					
Linseed oil	76.3	68.0	87.7	98.6	87.8
Castor oil	10.6	10.3	13.3	16.3	12.2
Neat's-foot oil	.5	.2	.1	.1	.2
Wool grease	1.3	1.2	1.6	1.4	1.5
Fish-liver oil	.5	.8	.9	1.0	1.2
Other vegetable oils	.8	3.5	1.2	4.4	8.4
Total	90.0	84.0	104.8	121.8	111.3
Grand Total	659.0	737.7	840.7	768.3	717.3
Indicated production from domestic materials					
Year beginning:					
	1940-41	1941-42	1942-43	1943-44	2/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	
Butter, including farm	Oct. 2,287	2,153	2,082	3/1,850	
Lard and rendered pork fat, total.....	Oct. 2,285	2,440	2,860	3/3,460	
Inedible tallow and greases, total.....	Oct. 1,492	1,733	1,626	1,950	
Edible tallow, oleostearine, oleo stock, and oleo oil	Oct. 218	277	3/ 272	225	
Neat's-foot oil	Oct. 4	5	3	3	
Wool grease	Oct. 14	15	15	15	
Marine animal oils	July 3/ 173	3/ 216	3/ 165	3/ 172	
Corn oil	Oct. 186	242	240	3/ 215	
Cottonseed oil	Aug. 1,425	1,250	3/1,401	1,236	
Linseed oil 4/	July 494	546	729	724	
Olive oil	Nov. 11	8	10	6	
Peanut oil	Sept. 174	77	3/ 131	135	
Soybean oil	Oct. 564	707	3/1,206	3/1,220	
Tung oil	Dec. 4	2	5	3	
Total		9,331	9,671	10,745	11,214

Compiled from reports of the Bureau of the Census and the U. S. Department of Agriculture. Monthly reports do not show total production of butter, lard, inedible tallow and greases.

1/ Included in "other vegetable oils". 2/ Based on most recent indications subject to change. 3/ Revised. 4/ Domestic production calculated as total production minus oil equivalent of net imports of flaxseed.

Table 6.- Factory and warehouse stocks of specified fats and oils, crude basis, August 31, 1942-44, June 30, and July 31, 1944

Items grouped by major use	1944				
	Aug. 31 1942	Aug. 31 1943	June 30	July 31	Aug. 31
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
<u>Food fats and oils</u>					
Butter 1/	152.2	231.5	103.2	138.0	137.9
Lard and rendered pork fat	94.6	263.3	684.6	665.2	609.6
Oleo oil	4.5	9.3	2.7	2.0	1.8
Stearine, animal, edible	3.2	3.2	2.8	2.1	2.0
Tallow edible	12.6	14.4	26.1	20.2	20.7
Total edible animal fats	267.1	521.7	819.4	827.5	772.0
Corn oil 2/	43.8	32.5	22.5	22.4	21.0
Cottonseed oil 2/	259.6	183.0	357.5	289.6	226.8
Olive oil edible	7.5	3.0	2.3	2.1	2.0
Peanut oil 3/	24.4	42.5	51.2	48.3	44.8
Sesame oil	4/	1.5	1.8	1.9	3.7
Soybean oil 3/	141.0	217.0	279.1	273.5	241.9
Total edible oils	476.3	479.5	714.4	637.8	540.2
<u>Soap fats and oils</u>					
Greases excluding wool grease	102.6	98.1	165.2	181.7	163.7
Tallow inedible	258.4	118.9	190.2	188.1	177.7
Palm oil 2/	97.8	75.3	61.5	58.2	54.1
Fish oil	118.4	92.2	85.5	102.1	109.1
Marine mammal oil	44.5	41.0	55.7	53.3	51.7
Olive oil inedible and foots	12.3	7.2	3.8	3.6	3.4
Total slow lathering oils	634.0	432.7	561.9	587.0	559.7
Pabassu oil 2/	13.1	10.1	3.6	2.5	5.7
Coconut oil 3/	136.0	157.1	123.0	116.6	103.5
Palm-kernel oil 2/	1.6	---	---	---	---
Total lauric acid oils	150.7	167.2	126.6	119.1	109.2
<u>Drying oils</u>					
Castor oil dehydrated 5/	11.4	8.2	10.9	11.9	11.1
Linseed oil	230.3	177.2	335.9	320.3	323.0
Oiticica oil	8.7	6.5	4.2	4.7	4.6
Perilla oil	2.9	.9	.4	.3	.3
Tung oil	33.5	28.2	26.5	25.0	24.6
Total drying oils	286.8	221.0	377.9	362.2	363.6
<u>Other industrial</u>					
Neat's-foot oil	2.9	2.4	2.6	2.6	2.5
Wool grease	5.2	3.0	3.8	3.7	3.7
Cod and cod-liver oil	12.6	13.7	12.4	11.9	12.7
Other fish-liver oil	2.7	1.9	2.4	2.5	3.3
Castor oil, No. 1 and No. 3	25.9	35.6	45.7	44.9	42.0
Rape oil	16.8	23.7	19.1	17.1	15.6
Other vegetable oils 6/	33.2	31.4	23.5	21.8	34.7
Total	99.3	111.7	109.5	104.5	115.1
Grand total	1,914.5	1,933.8	2,709.6	2,638.4	2,459.9

Compiled from reports of the Bureau of the Census, except butter, War Food Administration. Grand total computed from unrounded numbers. Includes stocks held by Government.

1/ Cold-storage stocks. 2/ Crude plus refined converted to crude basis by dividing by 0.93. 3/ Crude plus refined converted to crude basis by dividing by 0.94.

4/ Less than 50,000 pounds. 5/ Converted to crude basis by dividing by 0.88.

6/ Includes some food oils.

Table 7.- Prices received by farmers and prices at terminal markets for specified oil-bearing materials, September 1942 and 1943, July-September 1944

Item	Unit	Sept.		1944		
		1942	1943	July	Aug.	Sept.
		Dollars	Dollars	Dollars	Dollars	Dollars
Castor beans, Brazilian, f.o.b. Brazilian ports	Long ton	75.00	75.00	75.00	75.00	75.00
Cottonseed, United States average	Short ton	45.33	51.90	53.00	53.20	52.30
Flaxseed, No. 1, Minneapolis	Bushel	2.43	3.05	3.05	3.10	3.10
Flaxseed, United States average	"	2.24	2.84	2.85	2.88	2.89
Peanuts, No. 1 shelled Spanish, Southeastern shipping points	100 pounds	11.00	14.15	14.25	14.25	14.25
Peanuts, United States average	"	5.69	7.15	7.75	7.64	7.51
Soybeans, No. 2 Yellow, Chicago	Bushel	1.71	---	1.95	1.94	2.04
Soybeans, United States average	"	1.57	1.69	1.91	1.90	1.93

Compiled from Oil Paint and Drug Reporter, Chicago Journal of Commerce, Daily Market Record (Minneapolis), and reports of the Bureau of Agricultural Economics.

Table 8.- Price per ton of specified oilseed meals, September 1942 and 1943, July-September 1944.

Item 1/	Sept.		1944		
	1942	1943	July	Aug.	Sept.
	Dollars	Dollars	Dollars	Dollars	Dollars
Copra meal, Los Angeles	52.40	51.50	2/50.00	45.50	45.50
Cottonseed meal, 41 percent protein, Memphis	35.60	48.50	48.50	48.50	48.50
Cottonseed meal, 41 percent protein, Chicago	41.35	54.45	54.45	54.45	54.45
Linseed meal, 34 percent protein, Minneapolis	36.00	45.50	45.50	45.50	45.50
Linseed meal, 32 percent protein, New York	35.20	45.00	45.00	45.00	45.00
Peanut meal, 45 percent protein, f.o.b. Southeastern mills	36.94	53.00	53.00	53.00	53.00
Soybean meal, 41 percent protein, Chicago	43.50	51.90	51.90	51.90	52.00

Compiled from records of the War Food Administration.

1/ Bagged carlots.

2/ Beginning July 25, 1944, quoted in bulk.

Table 9.- Oleomargarine: Production, withdrawals for consumption and materials used in manufacture, United States, August 1942 and 1943, June-August 1944

Item	Aug.				
	1942		1943		1944 1/
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Production:					
Colored	15,360	15,377	14,481	7,862	4,402
Uncolored	23,138	38,574	25,708	26,859	33,263
Total 2/	38,498	53,950	40,189	34,720	37,665
Tax-paid withdrawals for					
United States consumption 3/	24,388	38,144	26,989	28,121	34,353
Materials used:					
Butter	3	---	---	---	---
Oleo oil	1,639	1,191	1,104	752	706
Oleostearine	278	272	271	248	217
Lard flakes	---	---	19	---	---
Lard, neutral	388	809	581	631	523
Lard, stearine	---	---	---	---	---
Oleo stock	266	315	162	130	46
Tallow	18	23	---	---	---
Monostearine	7	35	34	34	35
Total, animal	2,599	2,645	2,171	1,795	1,527
Cottonseed oil	11,312	20,650	11,482	10,911	13,755
Soybean oil	17,288	17,498	17,764	13,561	12,998
Peanut oil	34	266	257	1,341	1,507
Corn oil	85	214	764	486	870
Cottonseed stearine	25	7	15	---	---
Linseed oil	---	2,641	224	189	---
Soybean stearine	---	7	---	---	---
Soya flakes	---	6	10	36	21
Total domestic vegetable	28,744	41,289	30,516	26,524	29,151
Sunflower oil	---	---	---	---	1
Total, foreign vegetable	---	---	---	---	1
Total, fats and oils ...	31,343	43,934	32,687	28,319	30,679
Milk	6,629	9,063	6,839	6,117	6,684
Salt	1,225	1,758	1,243	992	1,829
Derivative of glycerin	69	98	53	46	58
Lecithin	21	44	33	33	44
Soda (benzoate of)	23	34	27	25	27
Vitamin concentrate	9	11	8	6	7
Color	8	9	9	5	4
Estearine	---	---	9	5	8
Miscellaneous	1	2	---	1	3
Total, other materials ..	7,985	11,019	8,221	7,230	8,664
Total, all materials ...	39,328	54,953	40,908	35,549	39,343

Compiled from Internal Revenue records and Internal Revenue Bulletin.

1/ Preliminary. 2/ Total of unrounded numbers. 3/ Excludes withdrawn free of tax for use in Federal institutions, and withdrawn for export.